



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

**TEACHERS' RETIREMENT SYSTEM OF THE
STATE OF ILLINOIS**

**Compliance Examination
For the Year Ended: June 30, 2010**

Release Date: March 24, 2011

Summary of Findings:

Total this report:	0
Total last report:	0
Repeated findings:	0

SYNOPSIS

This digest covers our compliance examination of the Teachers' Retirement System (System) for the year ended June 30, 2010. A financial audit covering the year ending June 30, 2010 was previously released on January 12, 2011. There were no findings of noncompliance identified during our testing.

SUBSEQUENT CHANGE IN FUNDING LEGISLATION

In January 2011, the Governor signed Public Act 96-1511 which called for the fiscal year 2011 State required contribution to be recalculated and recertified to reflect the effect of Public Act 96-0889. As required by Public Act 96-1511 the recalculation and recertification are to be performed by April 1, 2011. Public Act 96-0889, signed into law by the Governor in April 2010 made significant changes to the Pension Code providing for reduced benefits to anyone first hired in a position covered by the System on or after January 1, 2011.

The System's recertified fiscal year 2011 State required contribution is \$2,169,198,000 which is \$189,243,000 lower than the originally certified fiscal year 2011 State required contribution of \$2,358,441,000 submitted in October 2009.

ACCOUNTANTS' REPORT

The auditors conducted a compliance attestation examination of the System for the year ended June 30, 2010 as required by the Illinois State Auditing Act. The accountants' report does not contain any scope limitations, disclaimers or other significant non-standard language.

A handwritten signature in blue ink, appearing to read 'William G. Holland', written over a horizontal line.

WILLIAM G. HOLLAND, Auditor General

WGH:RPU:pp

SPECIAL ASSISTANT AUDITORS

BKD LLP were our Special Assistant Auditors for this engagement.

{Financial data and Supplementary Information are summarized on the reverse page.}

**TEACHERS' RETIREMENT SYSTEM
COMPLIANCE EXAMINATION
For The Year Ended June 30, 2010**

FINANCIAL OPERATIONS	FY 2010	FY 2009
Additions		
Contributions		
Members.....	\$ 899,401,028	\$ 876,182,122
State of Illinois.....	2,080,729,055	1,451,591,716
School districts.....	171,420,549	152,328,853
Total Contributions.....	<u>\$ 3,151,550,632</u>	<u>\$ 2,480,102,691</u>
Investment Income		
Net appreciation (depreciation) in fair market value....	\$ 2,999,370,225	\$ (9,453,113,362)
Interest.....	291,830,747	367,244,822
Dividends.....	344,648,907	349,559,434
Real estate operating income, net.....	174,189,540	191,035,234
Private equity income.....	32,412,430	11,225,007
Other investment income.....	16,846,619	10,634,455
Securities lending income, net.....	21,111,429	27,943,345
Less: Investment expense.....	(200,766,937)	(192,814,446)
Net Investment Income (Loss).....	<u>3,679,642,960</u>	<u>(8,688,285,511)</u>
Total Additions.....	<u>\$ 6,831,193,592</u>	<u>\$ (6,208,182,820)</u>
Deductions		
Benefits.....	\$ 3,927,838,363	\$ 3,653,713,951
Refund of contributions.....	60,349,779	53,709,137
Administrative expense.....	16,950,679	17,387,936
Total Deductions.....	<u>\$ 4,005,138,821</u>	<u>\$ 3,724,811,024</u>
Net Increase (Decrease).....	<u>\$ 2,826,054,771</u>	<u>\$ (9,932,993,844)</u>
INVESTMENTS USED FOR BENEFITS AND EXPENSES		
	FY 2010	FY 2009
Contributions		
Members.....	\$ 899,401,028	\$ 876,182,122
State of Illinois.....	2,080,729,055	1,451,591,716
School districts.....	171,420,549	152,328,853
Total Contributions.....	<u>\$ 3,151,550,632</u>	<u>\$ 2,480,102,691</u>
Deductions		
Benefits.....	\$ 3,927,838,363	\$ 3,653,713,951
Refunds.....	60,349,779	53,709,137
Administrative Expenses.....	16,950,679	17,387,936
Total Deductions.....	<u>\$ 4,005,138,821</u>	<u>\$ 3,724,811,024</u>
Investments Used to Pay Benefits and Expenses.....	<u>\$ (853,588,189)</u>	<u>\$ (1,244,708,333)</u>
SUPPLEMENTARY INFORMATION		
	JUNE 30, 2010	JUNE 30, 2009
Investment return (unaudited).....	12.9%	(22.7)%
Number of active members.....	170,275	169,158
Number of inactive members.....	104,222	101,606
New age retirement claims processed (unaudited).....	4,788	3,845
Number of retirement annuitants.....	87,654	84,510
Average monthly benefit for retirement annuitants.....	\$ 3,737	\$ 3,597
Number of survivor annuitants.....	9,049	8,817
Average monthly benefit for survivor annuitants.....	\$ 1,409	\$ 1,337
Number of disabilities benefit annuitants.....	1,051	1,097
Average monthly benefit for disability annuitants.....	\$ 2,045	\$ 1,991
EXECUTIVE DIRECTOR		
During Audit Period: Stan Rupnick, Acting (until January 27, 2011)		
Currently: Richard W. Ingram (beginning January 27, 2011)		